

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )

Delta Dental Plan of Indiana, Inc. )  
225 South East Street, Suite 358 )  
Indianapolis, IN 46202 )

Examination of Delta Dental Plan of Indiana, Inc.

**NOTICE OF ENTRY OF ORDER**

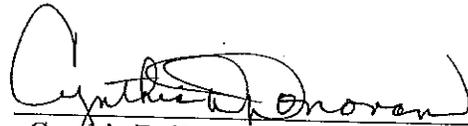
Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Delta Dental Plan of Indiana, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Delta Dental Plan of Indiana, Inc. shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date

6/26/2015



Cynthia D. Donovan  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0045 5823**

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IN THE MATTER OF: )

Delta Dental Plan of Indiana, Inc. )  
225 South East Street, Suite 358 )  
Indianapolis, IN 46202 )

Examination of Delta Dental Plan of Indiana, Inc.

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Delta Dental Plan of Indiana, Inc. (hereinafter "Company") for the time period January 1, 2011 through December 31, 2013.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 26, 2015.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 28, 2015 and was received by the Company on June 2, 2015.

On June 17, 2015, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

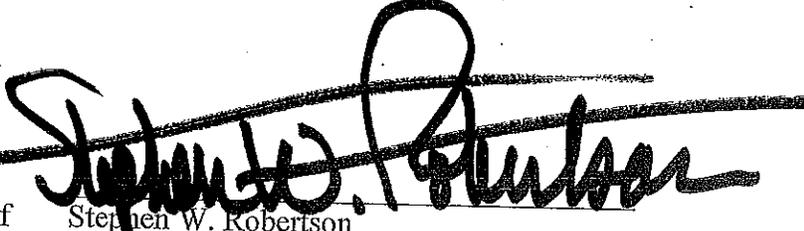
1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2013.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 26<sup>th</sup> day of June, 2015.

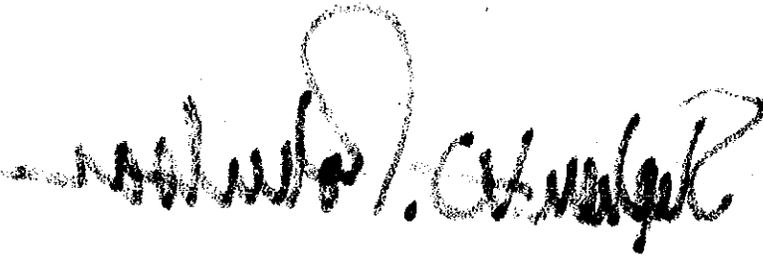
  
Stephen W. Robertson  
Insurance Commissioner

## ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

A handwritten signature in black ink, appearing to read "Michael J. Casper". The signature is written in a cursive style with a large loop at the beginning.

**STATE OF INDIANA**

**Department of Insurance**

**REPORT OF EXAMINATION**

**OF**

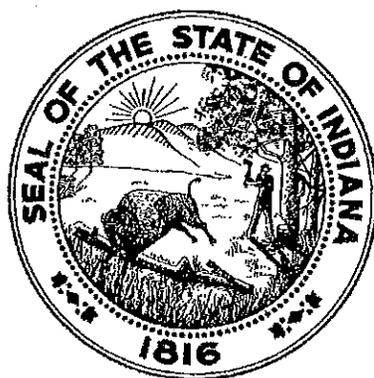
**DELTA DENTAL PLAN OF INDIANA, INC.**

NAIC Co. CODE 52634

NAIC GROUP CODE 0477

As of

December 31, 2013



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# STATE OF INDIANA

# IDOI

MICHAEL R. PENCE, Governor

**Indiana Department of Insurance**

311 W. Washington Street, Suite 300

Indianapolis, Indiana 46204-2787

Telephone: (317) 232-2385

Fax: (317) 232-5251.

Stephen W. Robertson, Commissioner

May 26, 2015

Honorable Stephen W. Robertson, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3810, an examination has been made of the affairs and financial condition of:

**Delta Dental Plan of Indiana, Inc.**  
**225 S East Street, Suite 358**  
**Indianapolis, IN 46202**

hereinafter referred to as the "Company", or "DDIN", an Indiana domestic limited service health maintenance organization. The examination was conducted at the corporate offices of the Company in Okemos, Michigan.

The Report of Examination, reflecting the status of the Company as of December 31, 2013, is hereby respectfully submitted.

ACCREDITED BY THE

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES  
(317) 232-2413

COMPANY COMPLIANCE  
(317) 233-0697

CONSUMER SERVICES  
(317) 232-2395  
1-800-622-4461

EXAMINATIONS/FINANCIAL SERVICES  
(317) 232-2390

MEDICAL MALPRACTICE  
(317) 232-2402

SECURITIES/COMPANY RECORDS  
(317) 232-1991

STATE HEALTH INSURANCE PROGRA  
1-800-352-4674

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2010. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2011 through December 31, 2013, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement instructions, when applicable to domestic state regulations.

The examination of the Michigan domestic insurance company of the Renaissance Health Service Corporation, Delta Dental of Michigan (DDMI) was called by the Michigan Department of Insurance and Financial Services (MIDIFS) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The MIDIFS served as the lead state on the examination, and the INDOI and the Ohio Department of Insurance served as participants.

Karen E. Elsom, FSA, of Lewis & Ellis, Inc., a consulting actuary appointed by the MIDIFS, conducted a review of the Company's statutory reserves as of December 31, 2013.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

## HISTORY

The Company was incorporated on October 22, 1982, as Indiana Dental Plan, Inc., by DDMI. The Company changed to its current name effective September 24, 1985. The Company is a not-for-profit limited service health maintenance organization domiciled in Indiana. The Company is controlled by DDMI. Renaissance Health Service Corporation is the ultimate controlling party of DDMI and the Company.

## CAPITAL AND SURPLUS

As a not-for-profit, the Company has no shareholders or other owners. The Company is governed by its Board of Directors (Board), which is appointed by DDMI. DDMI is a not-for-profit tax-exempt dental insurer. As of December 31, 2013, the Company had total capital and surplus of \$36,743,683.

## TERRITORY AND PLAN OF OPERATION

All operational services of the Company are provided through administrative service agreements with DDMI and affiliates. The Company has no direct employees. Both DDMI and the Company are members of the Delta Dental Plans Association, a national organization, which owns and licenses the right to use the name Delta Dental for marketing, branding, and solicitation of dental insurance.

The Company also offers administrative services to self-funded employee groups. The Company is licensed to conduct business only in the state of Indiana.

### GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of DDIN during the examination period.

Year	Admitted Assets	Liabilities	Capital and Surplus	Total Revenues	Net Income
2013	\$ 42,819,467	\$ 6,075,784	\$ 36,743,683	\$ 52,783,383	\$ 6,769,750
2012	36,963,940	7,071,868	29,892,072	44,713,822	5,668,029
2011	28,932,061	6,449,307	22,482,754	41,584,264	3,897,344

Admitted assets and surplus increased primarily due to investing operating profits. Admitted assets were also impacted by the timing of advance premium collections and changes to unrealized gains of common stocks.

Liabilities fluctuated in conjunction with the timing of advance premium collections which decreased \$1.7 million in 2013, and increased \$.7 million primarily due to an increase in member months of 18.4% to 2,102,920.

Total revenues in 2013 reflect an increase in member months of 18.4% to \$52.8 million. Net income in 2012 includes favorable profit margins of \$1.0 million due to an increase in member months and reductions to general administrative expenses of \$.5 million.

### MANAGEMENT AND CONTROL

#### Directors

The Bylaw's provide that affairs of the Company be managed, controlled, and conducted by, and under the supervision of, the Board that shall have no fewer than three (3) members. Directors are to serve terms of three (3) years and shall hold office until the annual meeting for the year in which their term expires and until their successors shall be elected and qualify.

The following is a listing of persons serving as directors for the Company and their principal occupations as of December 31, 2013:

Name and Address	Principal Occupation
Laura L. Czelada Okemos, Michigan	President and Chief Executive Officer Renaissance Health Service Corporation
Nancy E. Hostetler Okemos, Michigan	Senior Vice President and Chief of Staff Delta Dental Plan of Michigan, Inc.
Goran M. Jurkovic Okemos, Michigan	Chief Financial Officer Renaissance Health Service Corporation
Robert P. Mulligan Indianapolis, Indiana	President and Chief Executive Officer Renaissance Life & Health Insurance Company of America
Edward J. Zobeck Okemos, Michigan	Chief Administrative Officer Renaissance Health Service Corporation

## Officers

The Bylaws state the officers of the Company, who shall be elected by the Board, shall consist of a President, a Secretary, a Treasurer, and such other officers as the Board may otherwise elect by resolution or as the President may otherwise elect by resolution or as the President may otherwise appoint. Each officer shall be elected by the Board at a regular or special meeting and shall serve for one (1) year, or such other period as is prescribed by the Board of Directors at the time of such election.

The following is a list of key officers and their respective titles as of December 31, 2013:

<u>Name</u>	<u>Office</u>
Laura L. Czelada	President
Edward J. Zobeck	Secretary
Goran M. Jurkovic	Treasurer
Jonathan S. Groat	Vice President and General Counsel

## CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. The directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their Conflict of Interest statements as of December 31, 2013.

## CORPORATE RECORDS

### Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

### Bylaws

There were no amendments made to the Bylaws during the examination period.

### Minutes

The Board and Consumer Advisory Committee meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted. Annual meetings and other regular Board meetings were held in accordance with the Bylaws.

Indiana Code (IC) 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws do not specify the date or time the annual meeting of members is to be held. For each year under review, the annual meeting of members was held within five (5) months following the close of each fiscal year.

**AFFILIATED COMPANIES**

Organizational Structure

The following is an organizational chart as of December 31, 2013:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Renaissance Health Service Corporation (RHSC)		MI
Delta Dental Plan of Michigan, Inc. (DDMI)	54305	MI
Delta Dental Plan of Ohio, Inc. (DDOH)**	54402	OH
<b>Delta Dental Plan of Indiana, Inc. (DDIN)**</b>	<b>52634</b>	<b>IN</b>
Delta Dental Fund dba Dental Foundation**		MI
Red Cedar Investment Management, LLC**		MI
Delta Dental of Tennessee	54526	TN
Fore Holding Corporation (FHC)		TN
Premier Insurance Services, LLC		TN
Liquid Corn, LLC		TN
Delta Dental Plan of New Mexico, Inc. (DDNM)	47287	NM
Delta Dental of Kentucky, Inc. (DDKY)	54674	KY
Delta Choice, Inc.	48127	KY
Dental Choice, Agency, Inc.		KY
Dental Choice Properties, LLC		KY
Delta Dental of North Carolina	54658	NC
Delta Dental Plan of Arkansas, Inc. (DDAR)	47155	AR
Omega Administrators, Inc.		AR
Delta Dental of Arkansas Foundation, Inc.		AR
Renaissance Holding Company (RHC)*		MI
<b>Renaissance Life and Health Insurance Company of America (RLHICA)</b>	<b>61700</b>	<b>IN</b>
Renaissance Health Insurance Company of New York (RHNY)	15638	NY
Renaissance Electronic Services, LLC		MI
TESIA Clearinghouse, LLC (TESIA)		MI
Maverest Dental Network, LLC (MDN)		MI
Renaissance Systems and Services, LLC (RSS)		MI
Electronic Lockbox Services, LLC		MI
Renaissance Family Foundation, Inc.		MI

\*owned by DDMI (58%), DDAR (13.2%) FHC (8.9%), DDKY (5.9%), DDIN (5.8%), DDOH (4.2%), and DDNM (4%)

\*\*Controlled by DDMI.

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI as required, in accordance with IC 27-1-23-4.

#### Administrative Services Agreements

##### *DDIN and Renaissance Life and Health Insurance Company of America (RLHICA)*

Effective April 1, 2010, RLHICA and the Company entered into an Administrative Services Agreement. Pursuant to the agreement, RLHICA and/or the Company may provide certain administrative services to each other including, but not limited to, claims processing, customer service, and managerial services. In 2013, RLHICA paid the Company \$0 under the terms of this agreement.

##### *DDIN and DDMI*

Effective December 31, 2007, the Company and DDMI entered into an Administrative Services Agreement. Pursuant to the agreement, DDMI provides management and claims processing to the Company in exchange for an administrative fee. In 2013, the Company paid DDMI \$8,938,466 under the terms of this agreement.

### **FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Great American Insurance Company. The bond has a single loss coverage limit of \$10,000,000, with a \$200,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2013, including but not limited to business auto, directors and officers liability, fiduciary liability, umbrella, and workplace violence.

### **PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

The Company has no pension or postretirement benefit plans.

### **STATUTORY DEPOSITS**

The Company reported a statutory deposit held with Indiana for the benefit of all policyholders comprised of a U.S. Treasury note at December 31, 2013, with a book value totaling \$55,419 and a market value totaling \$55,417.

### **ACCOUNTS AND RECORDS**

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2012 and 2013, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2011 through December 31, 2013, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

DELTA DENTAL PLAN OF INDIANA, INC.  
 Assets  
 As of December 31, 2013

	Per Examination*
Bonds	\$ 2,952,511
Stocks	
Common Stocks	26,143,315
Cash, cash equivalents and short-term investments	8,156,889
Subtotal, cash and invested assets	37,252,715
Investment income due and accrued	9,716
Premiums and considerations	
Uncollected premiums and agents' balances in course of collection	615,749
Amounts receivable relating to uninsured plans	4,790,927
Receivables from parent, subsidiaries and affiliates	150,360
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	42,819,467
Total	\$ 42,819,467

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\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.  
Liabilities, Capital and Surplus  
As of December 31, 2013

	Per Examination*
Claims unpaid	\$ 2,009,700
Unpaid claims adjustment expenses	59,661
Aggregate health policy reserves	45,669
Premiums received in advance	833,917
General expenses due or accrued	145,333
Amounts withheld or retained for the account of others	576,564
Liability for amounts held under uninsured plans	2,306,325
Aggregate write-ins for other liabilities	98,615
TOTAL Liabilities	6,075,784
Gross paid in and contributed surplus	14,546,833
Unassigned funds (surplus)	22,196,850
TOTAL Capital and Surplus	36,743,683
TOTAL Liabilities, Capital and Surplus	\$ 42,819,467

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\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.  
Statement of Revenue and Expenses  
For the Year Ended December 31, 2013

	Per Examination*
<b>UNDERWRITING INCOME</b>	
Member Months	2,102,920
Net premium income	\$ 52,783,383
TOTAL Revenues	52,783,383
<b>HOSPITAL AND MEDICAL</b>	
Other professional services	42,813,922
Total Hospital and Medical	42,813,922
Claims adjustment expenses	1,213,074
General administrative expenses	2,563,155
TOTAL Underwriting Deductions	46,590,151
Net underwriting gain or (loss)	6,193,232
Net investment income earned	508,216
Net realized capital gains (losses)	70,630
Net investment gains	578,846
Net gain or (loss) from agents' or premium balances charged off	(330)
Aggregate write-ins for other income or expenses	1,523
Net income or (loss) after capital gains tax and before all other federal income taxes	6,773,271
Federal and foreign income taxes incurred	3,521
Net income	\$ 6,769,750

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.  
Capital and Surplus Account Reconciliation

	2013	2012	2011
Capital and surplus prior reporting year	\$ 29,892,072	\$ 22,482,754	\$ 16,987,484
Net income	6,769,750	5,668,029	3,897,344
Change in net unrealized capital gains (losses)	875,271	1,153,578	143,235
Change in nonadmitted assets	(793,410)	587,711	1,454,691
Net change in capital and surplus	6,851,611	7,409,318	5,495,270
Capital and surplus end of reporting year	<u>\$ 36,743,683</u>	<u>\$ 29,892,072</u>	<u>\$ 22,482,754</u>

### COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2013, based on the results of this examination.

### OTHER SIGNIFICANT ISSUES

There were no significant issues requiring disclosure in this Report of Examination.

### SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork which were considered material events requiring disclosure in this Report of Examination.



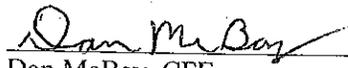
**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Lewis & Ellis, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of Delta Dental Plan of Indiana, Inc., as of December 31, 2013.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached report of examination is a true and complete report of condition of Delta Dental Plan of Indiana, Inc., as of December 31, 2013, as determined by the undersigned.

  
\_\_\_\_\_  
Dan McBay, CFE  
Noble Consulting Services, Inc.

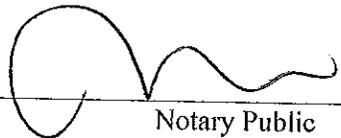
State of: Indiana  
County of: Marion

On this 26 day of May, 2015, before me personally appeared, Dan McBay, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My comm



  
\_\_\_\_\_  
Notary Public

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